

● Tuesday, August 27, 1985 A-3 **Star-Bulletin**

Rewald Defense Grills Ex-CIA Official

*Kindschi Asked to Explain Payments for
Consultant Work at Investment Firm*



Jack Kindschi
Questioned by the defense

By Charles Memminger
Star-Bulletin Writer

Ronald Rewald's lawyer this morning continued questioning former CIA office chief Jack Kindschi about money he received from Rewald while Kindschi was still working for the CIA.

The questioning is an apparent attempt to chip away at Kindschi's credibility by highlighting discrepancies in his testimony.

Rewald is on trial, charged with fraud and perjury counts stemming from the operation of his investment company, Bishop, Baldwin, Rewald, Dillingham & Wong.

At the heart of the defense case is the allegation that the CIA set up and ran Rewald's company, then tried to cover its tracks when the company collapsed in 1983.

Kindschi, the second CIA field

office chief that Rewald came to know, went to work as a consultant for Bishop, Baldwin when he retired from the agency.

Kindschi said during questioning by Assistant U.S. Attorney John Peyton that he first began receiving money from Rewald in March 1981.

Deputy Federal Public Defender Brian Tamanaha, however, produced checks going back to 1979 showing that Kindschi received more than \$12,000 from Rewald.

KINDSCHI stressed again this morning that he had gotten his dates confused and said he had assumed he did not get paid by Rewald until he joined the company in 1981.

He said he did receive \$1,000 a month checks but thought they were "draws" from his \$47,000 investment in Rewald's sporting goods stores.

This morning, Kindschi conceded that Rewald had given him a leased car in June 1980, a month before Kindschi retired from the CIA.

"He was quite insistent that I take the car," Kindschi said. "I took it to pacify him."

Tamanaha asked Kindschi if he thought it was unethical to take a car while still a CIA employee. Kindschi replied that he was not aware of any regulations prohibiting it. Besides, Kindschi said, he already had submitted his resignation.

Kindschi, who made about \$50,000 a year as a CIA employee, said it did not bother him that the \$1,000 checks he received from his sporting goods investment were written on Bishop, Baldwin checks and not the sporting goods account.

"In my mind, it came out of the same pot bowl," he said.

Tamanaha also question

Kindschi's memory concerning the submission of CIA security checks for Rewald employees. Kindschi said he remembered asking that a "name check" be run on Sue Wilson, Rewald's secretary and office manager, on July 8, 1980.

BUT HE SAID he did not remember sending a similar request for consultant Ned Avary on the same day.

Rewald claims that Avary, a former military and civilian pilot, participated in a number of CIA-related projects out of the Bishop, Baldwin offices, including attempting to set up a military arms deal with Taiwan.

Avary has denied that.

Kindschi said he did not suggest that Rewald hire Avary. He also said he did not meet Avary until 1982.

Tamanaha, however, produced the "name check" form that was

sent to CIA headquarters in Washington, D.C., from the Honolulu field office in July 1980. Kindschi was head of the office at the time, but was in the process of turning it over to his successor, Jack Rardin.

Avary's "name check" also shows that he had been cleared by the CIA as a contact in March 1973.

Avary denied in an interview with the Star-Bulletin last year that he had ever done any work for the CIA.

Kindschi said he has no recollection of preparing or sending in Avary's CIA name check.

A similar name check was sent in for Rewald, which resulted in him being cleared to receive secret information. That name check failed to turn up that Rewald had lied about his college background, that he had been bankrupt and that he had a theft conviction in Milwaukee.